GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:1488
ANSWERED ON:07.03.2001
PRIVATE SECTOR INVESTMENT IN INFRASTRUCTURE SECTOR
JAIBHAN SINGH PAWAIYA;SHIVRAJ SINGH CHOUHAN;VIJAY KUMAR KHANDELWAL

Will the Minister of PLANNING be pleased to state:

(a) whether the Union Government are contemplating to encourage private sector for making investment in the infrastructural, consumer and social sectors:

(b) if so, the details thereof;

(c) whether the Union Government have taken any policy decision in this regard;

(d) if so, the sectors in which the said investment is proposed; and

(e) if not, the time by which the government are likely to take a decision in this regard?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE DEPARTMENT OF DISINVESTMENT, MINISTER OF THE STATE IN THE MINISTRIES OF PLANNING, STATISTICS & PROGRAMME IMPLEMENTATION AND MINISTER OF STATE IN THE DEPARMENT OF ADMINISTRATIVE REFORMS AND PUBLIC GRIEVANCES (SHRI ARUN SHOURIE)

(a) to (d): Yes sir. The Government is encouraging private sector investment in various infrastructural, consumer and social sectors. The details are as follows:

Power Sector: The Government of India has enunciated the power policy in 1991 aimed at encouraging the flow of private capital to the power sector. The policy is still operative and applies equally to all the States. Many domestic and foreign parties have expressed interest in setting up of generation capacity.

Telecom Sector: The New Telecom Policy (1999) has laid out the basic framework for the future development and growth of the sector. Consequent upon this policy, the entire sector has been deregulated and opened for private sector participation. Foreign Direct Investment (FDI) upto 49% is permitted in the telecom sector. As per the guidelines for the National Long Distance Services, 100% FDI is permitted in the case of Infrastructure Providers Category-I (IP-I) i.e. those Infrastructure Providers who provide assets such as dark (optical) fibers, Right of Way, duct space & tower. No licence is required under this category and the Infrastructure Provider has to be an Indian company and only need to register.

Transport Sector: In order to promote private sector participation in infrastructure sector including Transport sector, fiscal incentives are provided. Tax concessions have been given for development of projects relating to Railways, Roads, Ports and Airports.

Railways: The scope for private sector participation in providing rail infrastructure is limited. Attempts have been made to involve the private sector in augmenting the capacity of the railway system through the "Own Your Wagon Scheme" and undertake some of the projects under "Build-Own-Lease-Transfer (BOLT)" scheme. It is proposed to offer projects like gauge conversion, supply of rolling stock, electrification, doubling of existing single lines, telecom projects, etc. under this scheme.

Roads: Projects relating to bye-passes, bridges and 4-laning of existing sections of National Highways, which on the basis of traffic density are financially viable and bankable would be taken up through private sector participation.
Ports: The areas viz. leasing out assets of the ports, construction and operation of container terminals, multipurpose cargo berths and specialized cargo berths, warehousing, storage facilities, tank farms, container freight stations, setting up of captive power plants, leasing of equipment for cargo handling and leasing of floating rafts have been identified for private sector participation.

Airports: A new airport at Nedumbassery near Cochin has been constructed and commissioned in May, 1999 by Cochin International Airport Ltd. (CIAL), a company promoted by Kerala State Government with equity participation from a large number of non- resident Indians and financial institutions. The Government has also approved in principle setting up of new airports at Bangalore, Hyderabad and Goa with private sector participation.

Industrial and Consumer sector: Since the announcement of New Industrial Policy, 1991, the Government of India has been encouraging private sector in promoting industrial investments in all the sectors including industry infrastructure, consumer sector etc. There was no proposal in the Ninth Five-year Plan to set up Public Sector Enterprises under the Government of India and it was left for the private sector for investment. Even the existing Public Sector Enterprises are being disinvested/privatized during the Ninth Plan

period.

Health, Family Welfare Sector - Ninth Plan envisaged

? Increasing the involvement of voluntary, private organizations and self-help groups in the provision of health care, implementation of health programmes and health-related activities;

? Enhancing the quality and coverage of family welfare services through increasing participation of general medical practitioners working in voluntary, private, joint sectors and the active cooperation of practitioners of Indian System of Medicine and Homeopathy (ISM&H).

About 75% of the curative care services are provided by the private sector. In addition private sector also caters to about 25% of the family welfare services.

Education: The National Policy on Education (NPE), 1986 as updated in 1992, states thatnon-governmental and voluntary efforts, including social activist groups in the field of education will be encouraged, subject to proper management, and financial assistance will also be provided. However, at the same time, steps will be taken to prevent the establishment of institutions set up to commercialize education.

(e) Does not arise.